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Message Text

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63
ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SCEM-02 SCI-06 INT-08 L-03 DRC-01 /157 W
---------- 080109
R 252315Z OCT 73
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 3983
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA

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E.O. 11652 - N/A
TAGS: ENRG, GT, ES
SUBJECT: PETROLEUM - GUATEMALAN PRICE INCREASES

REF: A. SAN SALVADOR 3889; B. GUATEMALA 5083

1. HOBART GARDINER, HEAD OF ESSO'S CA OFFICE, TOLD EMBOFF ESSO PLANS TO APPEAL THE GOG PRICE INCREASE DECISION SUBJECT OF REFTELS. IF THE RESULT OF THE APPEAL IS UNSATISFACTORY, ESSO WILL EMBARK ON A PROGRAM TO REDUCE ITS LOSSES BY, INTER ALIA, CUTTING CREDIT, TERMINATING SOME SUTOMERS, CLOSING SOME OUTLETS. APPARENTLY THE GOG AGREEMENT PERMITS INCREASING PRICES ALSO TO "CONSUMER ACCOUNTS." GARDINER DOES NOT EXPECT ADVERSE REACTION FROM GOG TO SUCH ACTIONS, SINCE THE PUBLIC PRESUMABLY CAN GET ALON WITH REMAINING RETAILERK' SERVICES, BUT HE ANTICIPATES PUBLIC REACTION. GARDINER MENTIONED THE "PROMISE OF RELIEF AFTER MARCH ELECTION" BY ECONMIN MOLINA. HE COMMENTED THAT THE PROMISE IS NOT WIRTTEN, IT IS UNLIKELY MOLINA WILL BE IN A POSITION TO DELIVER, AND PRICES WILL PROBABLY HAVE RISEN
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FURTHER BY THAT TIME.

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2. CONCERNING ESSO'S COMPETITION IN GUATEMALA, GARDINER SAID
GULF CONTINUES IN PHASING OUT. THE OTHER THREE WILL BE IN THE
BLACK OVERALL, ACCORDING TO GARDINER, SINCE REFINERY PRICES HAVE
INCREASED (E.G. TEXACO'S BY US CENTS PER GALLON 12.6 TO 20.4
FOR PERMIUM AND 10.5 TO 19.0 FOR REGULAR). GARDINER SAID
HE UNDERSTANDS THAT ALTHOUGH REFINING AND MARKETING ACCOUNTS FOR
TEXACO, CHEVRON AND SHELL ARE KEPT SEPARATE WITHIN GUATEMALA,
THE RESPECTIVE HEADQUARTERS OFFICES INTEGRATE THE ACCOUNTS. TO
THE CONTRARY, ESSO (E.G. EL SALVADOR AND NICRAGUA WHERE IT HAS
REFINERIES AND MARKETING) STRICTLY FOLLOWS FUNCTIONAL ACCOUNTING
AND IS JUDGED ON THE PROFIT AND LOSS OF EACH.
MOSKOWITZ

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